

141408Z Feb 01

CONFIDENTIAL PTO9318

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ACTION AF-00

INFO	LOG-00	NP-00	AID-00	ACQ-00	CEA-01	CIAE-00	CTME-00
	DINT-00	DODE-00	DOYE-00	SRPP-00	DS-00	EB-00	EUR-00
	EXIM-01	E-00	FAAE-00	FBIE-00	VC-00	FRB-00	H-01
	TEDE-00	INR-00	IO-00	ITC-01	LAB-01	L-00	VCE-00
	AC-01	NSAE-00	OMB-01	OPIC-01	PA-00	PM-00	PRS-00
	ACE-00	P-00	SP-00	SSO-00	SS-00	STR-00	T-00
	USIE-00	FMP-00	PMB-00	DSCC-00	DRL-02	G-00	NFAT-00
	SAS-00	SWCI-00	/010W				

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FM AMEMBASSY HARARE
TO SECSTATE WASHDC PRIORITY 8226
NSC WASHDC PRIORITY
INFO SOUTHERN AFRICAN DEVELOPMENT COMMUNITY
AMEMBASSY NAIROBI
USDOC WASHDC
DEPT OF TREASURY WASHDC

C O N F I D E N T I A L HARARE 000750

SIPDIS

STATE FOR AF, AF/S, AF/EPS, EB/IFD/ODF, EB/TPP/ODC
TREASURY FOR ED BARBER, AND BARAK HOFFMAN
USDOC FOR 2037/ERIC HENDERSON
STATE PASS USTR/RWHITTAKER
NSC FOR SENIOR AFRICA DIRECTOR JFRAZER
LONDON FOR CHARLES GURNEY
PARIS FOR BISA/WILLIAMS

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NAIROBI FOR PFLAUMER

E.O. 12958: DECL: 07/05/11
TAGS: ECON EFIN PREL PINR ZI
SUBJECT: THE FINANCE PERMSEC FEEDS US THE GOVERNMENT
LINE

CLASSIFIED BY CHARGE D' AFFAIRES EARL IRVING, REASON
1.5 (B), (D)

REF: 00 HARARE 6566

¶1. (C) ON FEBRUARY 13 NICHOLAS NCUBE, PERMANENT
SECRETARY - MINISTRY OF FINANCE, PAID A CALL ON US AT

SIPDIS

OUR INVITATION TO DISCUSS ECONOMIC AND POLITICAL
DEVELOPMENTS, AND THE BILATERAL RELATIONSHIP. WE KNOW
NCUBE WELL, AS HE HAS BEEN A DEPENDABLE AND SOLID
EMBASSY INTERLOCUTOR FOR OVER A DECADE THROUGHOUT HIS
STRING OF GOVERNMENT POSITIONS. IN THIS VEIN NCUBE
SAT DOWN AND ASKED, "WHAT DO YOU THINK OF US?" CHARGE
INFORMED HIM FRANKLY AND DIRECTLY OF THE VERY SERIOUS
CONCERN WE HAVE FOR THE MULTITUDE OF NEGATIVE
DEVELOPMENTS OCCURRING WITH DIRECT GOVERNMENT SUPPORT
AND BACKING. WE ADVISED HIM THAT TOLERANCE THRESHOLDS
ARE BEING OVERWHELMED, AND THAT SIMULTANEOUS ATTACKS
ON THE JUDICIARY, THE INDEPENDENT PRESS AND THE
LEADERSHIP OF THE OPPOSITION PARTY ARE CAUSING SEVERE
DAMAGE TO ZIMBABWE'S STANDING AND NATIONAL CHARACTER.
NCUBE TOOK OUR MESSAGE IN WITH LITTLE OR NO REBUTTAL
AND ADMITTED THAT HIS COUNTRY HAS EXCEEDINGLY GOOD AIM
WHEN IT COMES TO SELF-INFILCTED WOUNDS.

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¶2. (C) ON THE FINANCE MINISTRY'S OPERATIONS AND
DOMESTIC ECONOMIC CONDITIONS NCUBE, TO OUR
DISAPPOINTMENT, FED US A STRAIGHTFORWARD VERSION OF
THE GOVERNMENT LINE. HE BOASTED THAT GOZ JANUARY
RECEIPTS WERE ABOVE BUDGET, PARTIALLY DUE TO THE VERY
HEFTY FEE INCREASES THEY HAVE BEEN PUSHING ACROSS THE
BOARD (FROM SPEEDING TICKETS TO BIRTH CERTIFICATE FEES
TO PHOTOCOPIES FOR THE PUBLIC). HE FURTHER CLAIMED
THAT TOTAL GOVERNMENT SPENDING WAS "GOOD", AND EVEN
PROCLAIMED THAT THE DEFENSE MINISTRY WAS WITHIN ITS
BUDGET, DESPITE THE 50 PERCENT CUT (IN REAL TERMS) IT
SUFFERED IN THE 2001 BUDGET (REFTEL). HOW THIS COULD
BE THE CASE, ESPECIALLY IN LIGHT OF THE ADDITIONAL
TROOPS SENT TO THE CONGO AFTER THE KABILA
ASSASSINATION, WAS NOT FORTHCOMING FROM THE PERMSEC.

¶3. (C) HE ADMITTED TO DIFFICULTIES IN CARRYING OUT

PRIVATIZATION, CITING AS AN EXAMPLE THE PROCLAIMED INABILITY OF THE RESPONSIBLE MINISTRY (READ AGRICULTURE) TO FIND THE SHARE CERTIFICATES NEEDED TO SELL OFF THE GOZ'S MAJORITY STAKE IN COTTCO (A PARTIALLY-PRIVATIZED PARASTATAL INVOLVED IN COTTON PRODUCTION AND SALES). HE LAMENTED THAT THE STOCK MARKET PRICE WAS DROPPING OF LATE, AND JOKED THAT HE HAD THREATENED TO MAKE UP ANY LOSSES CAUSED BY THE DELAY FROM THE MINISTRY'S OWN BUDGET. NCUBE ALSO TOLD US THAT THE NEW CASH PAYMENT SYSTEM INSTALLATION (DESIGNED TO PREVENT MINISTRIES FROM SPENDING MORE THAN THEIR BUDGET ALLOCATION) WAS GOING WELL, WITH EDUCATION, AGRICULTURE, FINANCE AND THE CENTRAL

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PAYMENTS OFFICE ALREADY ONLINE. COMING UP NEXT WAS FOREIGN AFFAIRS, DEFENSE AND THE PRESIDENT'S OFFICE. THE FINANCE MINISTRY PLACES GREAT FAITH IN THE ABILITY OF THE SYSTEM TO CONTROL OVERSPENDING, THOUGH WE WILL RESERVE OUR JUDGMENT UNTIL WE SEE WHAT COMES OF WELL-CONNECTED MINISTERS' VISITS TO THE PRESIDENT'S OFFICE, TO PLEA FOR THAT SPECIAL, EXTRA, ONE-TIME-ONLY ALLOCATION.

¶4. (C) COMMENT: NCUBE LISTENED CLOSELY AND WE HAVE NO DOUBT THAT HE WILL COMMUNICATE OUR MESSAGE BOTH TO MANAGEMENT AT HIS MINISTRY AND TO THE ORAL NETWORK OF HIS GOVERNMENT COLLEAGUES. HIS BLASE PRESENTATION OF WHAT CAN ONLY BE CHARITABLY DESCRIBED AS HALF-TRUTHS WAS A LETDOWN, BUT IT MIMICKED WHAT HIS BOSS, SIMBA MAKONI, HAD DONE DURING HIS RECENT WASHINGTON VISIT. WE WILL KEEP THE CHANNELS OPEN, AND WILL ONLY BELIEVE FISCAL CONTROL SUCCESS WHEN WE SEE IT. END COMMENT.

IRVING

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